

Message Text

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ACTION STR-07

INFO OCT-01 ARA-10 EUR-12 EA-10 NEA-10 IO-13 ISO-00
STRE-00 AF-10 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
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TO SECSTATE WASHDC PRIORITY 8743
INFO AMEMBASSY BRASILIA
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USMTN

ACTION STR FOR GREENWALD, FEKETEKUTY

E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: FRAMEWORK - EXPERIMENTAL "3 PLUS 3" SESSION WITH
GATT DG

REF: (A) GENEVA 5588, (B) STATE 100048 (NOTAL)

1. AS ANTICIPATED REFTEL A, GATT DG LONG CONVENED EXPERIMENTAL "3 PLUS 3 GROUP" APRIL 20 TO DISCUSS FRAMEWORK TOPICS I AND IV (LEGAL BASIS FOR S&D/RECIPROCITY/"GRADUATION"). PRESENT WERE U.S. (HARTZELL, MARK), EC (LUYTEN), JAPAN (UKAWA), BRAZIL (AMB. MACIEL), INDIA (KUMAR), AND BOTH DEPUTY DGS PLUS STAFF; SIXTH COUNTRY REP, TOMIC OF LIMITED OFFICIAL USE

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YUGOSLAVIA, WAS AGAIN ABSENT DUE TO ILLNESS. SESSION WAS MARKED BY UNUSUAL WILLINGNESS ON PART OF BRAZIL TO HAVE DETAILED GIVE-AND-TAKE DISCUSSION ON ITS "ENABLING CLAUSE" PROPOSAL, AND BY EXCEPTIONALLY FRANK EXCHANGE PROMPTED BY JAPANESE ON "GRADUATION" CONCEPT.

2. U.S. COMMENTS ON ENABLING-CLAUSE TOPIC EMPHASIZED (A)

OPENNESS TO OTHER DELS' VIEWS ON RATIONALIZING LEGAL BASIS FOR S&D, BUT SERIOUS MISGIVINGS IN WASHINGTON RE PROPOSALS SEEN TO DATE; (B) CONTINUED INSISTENCE THAT ENABLING-CLAUSE AND GRADUATION CONCEPTS BE LINKED, AND TOGETHER TREATED AS PART OF A LAR R FRAMEWORK "PACKAGE" THAT COVE DEVELOPED-COUNTRY AS WELL AS LDC CONCERNS; AND (C) OVER-RIDING NEED FOR GENUINE MODERNIZATION OF GATT SYSTEM LEST IT BECOME TOTALLY IRRELEVANT TO CONDUCT OF WORLD TRADE IN COMING DECADES. LUYTEN SHOULDERS MAJOR BURDEN OF CRITICIZING COVERAGE AND PROCEDURAL SHORTCOMINGS IN BRAZILIAN PROPOSAL; JAPANESE WERE UNCOMMITTED RE ACCEPTANCE OF ENABLING-CLAUSE IDEA WHILE LEANING TOWARD EC DRAFT AS A WORKING BASIS. AMB. MACIEL SURPRISINGLY WILLING TO ACCEPT "DRAFTING SUGGESTIONS" ON BRAZILIAN PAPER BUT ADAMANTLY INSISTED THAT IT REMAIN ON CENTER STAGE FOR FUTURE WORK. SPECIFIC U.S. COMMENTS ON THAT PAPER LARGELY CONFINED TO REITERATION OF POINTS MADE WITH BRAZILIAN DEL IN BILATERAL SESSION LAST DECEMBER (SEE 77 GENEVA 12796).

3. FRANK AND OCCASIONALLY SHARP DISCUSSION ON "GRADUATION" CONCEPT FOLLOWED REMARKS BY UKAWA THAT JAPAN, AS SINGULAR EXAMPLE OF A COUNTRY HAVING "GRADUATED" IN RECENT PAST, IS KEENLY AWARE OF NEED FOR AN ADVANCED LDC'S AUTHORITIES TO FACE DOWN DOMESTIC INTEREST BY DEMONSTRATING THAT ASSUMPTION OF INCREASED OBLIGATIONS IN TRADING COMMUNITY IS BASICALLY FAIR; WITHOUT DEVELOPMENT OF "POLITICAL CRITERIA" LIMITED OFFICIAL USE

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TO ASSURE THIS, HE ARGUED, GATT SYSTEM WILL BE STRAINED AND PERHAPS BROKEN. AMB. MACIEL COUNTERED WITH STATEMENT THAT WHILE BRAZIL DOES ANTICIPATE INCLUSION IN DC CATEGORY BY 1990'S, DISCRIMINATING AMONGST LDCS VIA GRADUATION MECHANISMS FLATLY UNACCEPTABLE TO BRASILIA. LUYTEN JOINED THE FRAY BY PICTURING "IMPOSSIBLE" NEGOTIATING SITUATION ARISING IN NEAR FUTURE WITH NEWLY-GRADUATED COUNTRIES HAVING FOREGONE SOME S&D MEASURES BUT STILL REMAINING HIGH TARIFF LEVELS WITH MINIMAL BINDINGS.

4. KUMAR FAIRLY RETICENT THROUGHOUT SESSION BUT SIDED WITH BRAZIL ON KEY POINTS. EXPECTED "SUPPLEMENTAL PAPER" FROM INDIA (REFTEL A) DID NOT MATERIALIZE.

5. SAME GROUP WILL RECONVENE AFTERNOON OF APRIL 26 FOR DISCUSSION OF FRAMEWORK TOPICS II (BALANCE-OF-PAYMENTS SAFEGUARDS) AND V (EXPORT CONTROLS). UNLESS OTHERWISE INSTRUCTED BY WASHINGTON, IN THE INTERIM, WE WOULD PLAN TO DRAW ON EARLIER GUIDANCE ON THOSE TOPICS FOR NEXT WEEK'S SESSION.

6. DRAFTED BY MARK. MCDONALD

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